

Sunshine Pictures Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
18 August 2026	20 August 2026	₹342-360	Neutral

Investment Summary

Sunshine Pictures Limited is a Mumbai-based content production house engaged in developing, producing, marketing and distributing films, web series and television serials through a mix of self-production and co-production models. Its portfolio includes titles such as Force, Commando, Holiday: A Soldier is Never Off Duty and The Kerala Story, supported by ongoing projects and a pipeline across films and digital content. The company reported FY26 revenue from operations of **₹74.44 Cr** and PAT of **₹40.02 Cr**, translating into strong reported margins and low leverage. However, revenue has declined from ₹133.80 Cr in FY24 to ₹74.44 Cr in FY26, highlighting the inherent volatility of its project-based business model. FY26 also witnessed negative operating cash flow of **-₹33.21 Cr**, while working-capital requirements stood at 169.89% of revenue. The IPO comprises a **fresh issue of upto ₹172.80 Cr** and an **OFS of upto ₹109.34 Cr**, with up to ₹112.50 Cr of fresh proceeds proposed towards working-capital requirements. At the upper price band, the company is valued at a post-issue FY26 P/E of **~28.02x**. Despite an established content portfolio and low leverage, we maintain an **Neutral stance** given declining revenue, project-driven earnings volatility, high working-capital intensity, negative operating cash flow and significant customer concentration.

Company Overview

Sunshine Pictures Limited was originally incorporated as 'Energetic Films Private Limited' in 2007, renamed 'Sunshine Pictures Private Limited' in 2010, and converted into a public limited company as 'Sunshine Pictures Limited' in 2024. The company is a Mumbai-based production house engaged in originating, developing, producing, marketing and distributing films, television serials and web series. Its portfolio includes films such as Force, Commando, Holiday: A Soldier is Never Off Duty, Force 2, Commando 2 and The Kerala Story. As of the RHP date, the company had produced 13 commercial films, along with two web series, three television serials and one short commercial film, through a mix of self-production and co-production models. Sunshine undertakes script development, content production, creation and monetisation of intellectual property and distribution of content rights across theatrical, OTT, television, music and digital platforms. Its ongoing and upcoming projects include Hisaab, Samuk and Nanavati vs Nanavati, along with a broader pipeline of films and web series. The company is promoted by Vipul Amrutlal Shah, Shefali Vipul Shah, Aryaman Vipul Shah and Maurya Vipul Shah, and aims to expand its content portfolio across multiple entertainment formats.

Business Model

Sunshine Pictures Limited operates a project-based content production and monetisation model, wherein it originates and develops scripts, undertakes end-to-end production of films, web series and television serials, and monetises content through theatrical distribution, OTT platforms, television and associated intellectual property rights. The company follows a mix of self-production and co-production models, depending on the scale, budget and commercial requirements of individual projects. Under the self-production model, Sunshine finances and executes the entire project, including production, marketing and promotion, thereby retaining greater control over content and its commercial exploitation while also bearing the full risk of cost overruns and project performance. Under the co-production model, the company partners with established studios and generally operates under fixed-fee or contractually agreed arrangements, reducing its exposure to box-office performance, although monetisation is limited to the rights retained or owned by Sunshine. Revenue is generated primarily from the production and distribution of films and associated rights, supplemented by web series/TV serials and income from music rights exploitation, talent management and digital platforms. The company has also expanded through Sunshine Music and Sunshine Digital (Originals) to create additional intellectual property and diversify content monetisation. Going forward, Sunshine intends to expand its film and web-series pipeline, strengthen theatrical distribution and build a larger portfolio of owned intellectual property across multiple entertainment formats.

Investment Rationale

Established Track Record in Content Production: Sunshine Pictures has operated in the entertainment industry since 2007 and has produced 13 commercial films, along with web series, television serials and a short film. Its portfolio includes successful titles such as Force, Holiday, Commando franchise and The Kerala Story, with the latter emerging as the highest return-on-investment blockbuster of 2023 according to the D&B Report.

Diversified Multi-Format Content Portfolio: The company operates across films, web series, television serials, music and digital originals, enabling monetisation across theatrical, OTT, television, music and digital platforms. Its recently launched Sunshine Music and Sunshine Digital (Originals) verticals further expand the company's intellectual property portfolio and revenue opportunities.

Strong Project Pipeline and Industry Collaborations: Sunshine is currently co-producing Hisaab with Jio Studios, producing Samuk, and developing Nanavati vs Nanavati for Amazon Seller Services. Additionally, it has six films and two web series in the pipeline, providing visibility for future content releases and revenue generation.

Strong FY26 Profitability and Low Leverage: For FY26, the company reported a net profit margin of 53.77%, ROE of 31.99% and ROCE of 36.54%, while maintaining a low debt-to-equity ratio of 0.06x. The relatively low leverage provides financial flexibility to fund future content development and working capital requirements.

Experienced Content Creation and Monetisation Capabilities: Sunshine undertakes the entire content lifecycle, including script development, production, intellectual property creation, monetisation of rights and distribution. Its track record and repeat collaborations with established studios and digital platforms strengthen its ability to develop and commercially exploit content across multiple formats.

Key Risk Factors

High Dependence on Audience Acceptance and Box-Office Performance: Sunshine's commercial success depends significantly on audience acceptance of its films and content, which is inherently unpredictable. Underperformance of major projects can materially affect revenue and profitability, as witnessed with films such as Bastar: The Naxal Story, which did not achieve the anticipated commercial success.

Project-Based Business Model and Revenue Volatility: Revenue recognition depends on the timing and commercial performance of individual projects, resulting in significant year-on-year fluctuations. Revenue from operations declined from ₹133.80 Cr in FY24 to ₹103.33 Cr in FY25 and ₹74.44 Cr in FY26, highlighting the absence of a predictable recurring revenue base.

High Customer Concentration: Sunshine derives a substantial portion of revenue from a limited number of studios and independent distributors. Its top five customers contributed 74.81% of FY26 revenue, while the contribution was 99.83% in FY25, making the company vulnerable to the loss of key customers or unfavourable changes in commercial relationships.

Working Capital Intensive Operations and Negative Cash Flow: The company's net working capital requirement increased to ₹126.46 Cr in FY26, equivalent to 169.89% of revenue from operations. It also reported negative operating cash flow of ₹33.21 Cr in FY26, primarily due to higher inventory and trade receivables, which could constrain liquidity and future project funding.

Production, Release and Execution Risk: Film and web-series production is exposed to delays, cost overruns, talent availability, regulatory approvals and release-related uncertainties. Sunshine's film Hisaab, initially scheduled for release in FY25, was postponed to FY27, demonstrating the potential for project delays to defer revenue recognition and increase working capital requirements.

Financial Snapshot

Metric	FY24	FY25	In Cr FY26
Revenue from Operations	133.80	103.33	74.44
EBITDA	73.97	50.76	58.55
EBITDA Margin	55.29%	49.12%	78.65%
Profit After Tax (PAT)	53.35	34.46	40.02
PAT Margin	39.87%	33.35%	53.77%
Basic EPS (₹)	20.24	13.08	15.19

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Sunshine Pictures Limited
IPO Issue Size	78,37,191 shares (agg. up to ₹282.14 Cr) Fresh Issue 48,00,034 shares (agg. up to ₹172.80 Cr) Offer for Sale 30,37,157 shares (agg. up to ₹109.34 Cr)
Price Band	₹342 – ₹360 per share
Face Value	₹10 per share
IPO Opening Date	18 August 2026
IPO Closing Date	20 August 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: 100% → Post-IPO: ~74.84%
Book Running Lead Managers	GYR Capital Advisors Private Limited
Use of Proceeds	• Up to ₹112.50 Cr towards funding the company's working capital requirements

Valuation and Outlook

At the upper price band of **₹360**, Sunshine Pictures is valued at a post-issue FY26 P/E of **~28.02x**, based on post-issue EPS of approximately **₹12.85**, implying a post-issue market capitalization of **~₹1,119 Cr**. The listed peers trade at 81.00x for Panorama Studios International and 8.68x for Baweja Studios, while Balaji Telefilms has negative earnings and hence its P/E is not meaningful, resulting in a meaningful peer average of approximately 44.84x. While Sunshine trades below this peer average and benefits from low leverage and a healthy project pipeline, the valuation offers limited comfort considering declining revenue, project-driven earnings volatility, high working-capital requirements, negative FY26 operating cash flow and customer concentration. Considering the current risk-reward profile, we have a **Neutral stance** on the IPO. Key monitorables include revenue recovery, performance of upcoming releases, operating cash-flow conversion, working-capital efficiency and diversification of the customer base.

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